



REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615-741-1831

Teleconference/Meeting Minutes for March 29th, 2017
Sixth Floor - Conference Room 6A
Davy Crockett Tower

The Tennessee Real Estate Appraiser Commission convened by teleconference on March 29th, 2017, in the sixth floor conference room of the Davy Crockett Tower in Nashville, Tennessee. Counsel Sarah Mathews called the meeting to order at 9:00 a.m. and the following business was transacted:

BOARD MEMBERS IN TELECONFERENCE: Randall Thomas, Mark Johnstone, Rosemarie Johnson, Rex Garrison, Eric Collinsworth, Dr. Warren F. Mackara.

STAFF MEMBERS PRESENT: Glenn Kopchak, Robyn Ryan, Sarah Mathews, Rianna Womack, Dennis O'Brien.

ROLL CALL/NOTICE OF MEETING

Counsel Sarah Mathews called the meeting to order at 9:00am and read notice of the teleconference into the record, followed by the Statement of Necessity.

LEGAL REPORT

Sarah Mathews (for Dennis Gregory)

1. 2016057481 – Respondent 1

Licensing History: Certified Residential Appraiser 9/23/2004 – 9/30/2018

Disciplinary History: None

2016057482 – Respondent 2

Licensing History: Appraisal Management Company 10/11/2011 – 10/10/2017

Disciplinary History: None

This is a re-presentation from the January 2017 meeting:

This complaint was filed by a consumer against an appraiser (Respondent 1) and an AMC (Respondent 2), alleging that appraisal report must be questioned. Complainant alleged that Respondent 1 performed the appraisal on July 26, 2016, after cancelling the first appointment on July 19 because it was too hot.

Complainant has alleged the following issues with the appraisal report completed by Respondent 1:

□ Respondent 1 had a sketch which she stated was non-living area. This included the 2-car garage, screened porch, open porch, wood deck, concrete patio and basement. Complaint states that there is no concrete patio at the home and that she is categorizing half the home as non-living with regards to the basement. The home is built on the side of the mountain with 2 levels.

- Respondent 1 stated that sales comparable to the subject were difficult to find and that there were two (2) somewhat comparable.
- All comparables used were on average 40% smaller in terms of square footage.
- The foundation is superior walls and not poured concrete, as stated in the report.
- No value was given to the two (2) heating/cooling units.
- The minimum value for the home should be \$418,800. That is using \$160 per square foot for the upper level and \$80 per square foot for the lower level.

Respondent 1 denies all the allegations outlines in the complaint and states that she never stated that she could complete the appraisal by doing a drive by and taking some photos. Respondent 1 states the following:

- Respondent 1 did not include the square footage in the lower level with the livable square footage of the upper level because the entire back wall of the lower level is below grade and pursuant to industry standards she is not allowed to take that square footage into consideration for livable footage. However, Respondent 1 did place value on the lower level square footage, as a basement.
- Comparables were difficult to find due to the nature of the property. Respondent 1 indicated on the report that one of the comparables had been sold in the 12 months prior, explaining that it had been bought and sold within twelve months against and indicating that it was a comparable once the property had been bought, renovated and then sold.
- Respondent 1 states the Complainant's representative, who was present at inspection, told her the walls were poured concrete. Respondent 1 states that whether the walls are "superior walls" or poured concrete, it does not bring inherently more value to what a buyer would pay for the property.
- Respondent 1 was not obligated to do the cost approach method, but she did do it because she believed it would reflect the value of the home better.

Respondent 2 states in response that there do not appear to be any assertions or allegations that are inconsistent with or in violation of USPAP. Rather the Complainant's has a difference of opinion. Respondent 2 does state that if a homeowner takes exception to the value, there is a procedure by which the homeowner can dispute the value. Respondent 2 did relay the Complainant's concerns to Respondent 1 and worked with him to fully address all issues raised and regrettably, the Complainant's were not content with the responses and elected to file the complaint.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

Note: Reviewer reviewed Respondent 1's appraisal report. Counsel has included Respondent 1's responses to the Reviewer's conclusions below in italics.

Neighborhood

- *The information provided appears to be reasonable and reflecting the area trends appears to have been reasonably analyzed.*

Site

- *A review of information gathered from CRS Property Report supports the physical information about the subject site provided in the report. The site dimensions, size, utilities, and zoning appear to have been adequately identified and described. Based on the information presented for review, the highest and best use determination appears to be appropriate and reasonable.*

Description of Improvements

- *Based on the information presented, the report provides sufficient amount of comments, descriptions and*

analysis about the subject's physical characteristics to allow the reader to have a proper mental understanding of those relevant factors that have an effect on the subject property.

□ In reviewing the appraisal report, the below grade/basement area was considered in the overall valuation of the subject property in an appropriate manner, according to the scope of the assignment.

Sales Comparison Approach

□ There was no adequate reasoning or analysis provided in the report to support the adjustments made. Based on the information provided, it appears that the appraiser has selected and identified sales that are from the same or similar market as subject. Adjustments were made to the sales but no discussion or analysis was provided in the report to indicate how these adjustments were derived or supported.

□ The sales comparison reconciliation did provide some discussion, but does not provide adequate reasoning for the adjustments, analysis, opinions and conclusions.

□ In summary, adequate reasoning has not been provided for the adjustments and sufficient analysis has not been provided to support opinions and conclusions. With the lack of proper analysis of the sales information, the conclusions are considered to be questionable and unsupported, based on the information provided.

*□ The report does not provide sufficient information to enable the clients and intended users to understand the rationale for the opinions and conclusions provided in the sales comparison approach to value. **[SR 1-1 (a); SR 2-2(b)(viii)]***

Site Value:

□ Comments in the site section of the cost approach provide a number of sales as support for the appraiser's opinion of site value.

Cost Approach:

□ There is a lack of supporting information or discussion indicating the figures and analysis presented are market oriented. The report should have comments or analysis presented offering the reasoning behind the opinions and conclusions presented, to allow the reader/intended user to properly understand the report.

□ It should be also noted that the site improvements of the cost approach was left blank. It is unknown if the site improvements were considered elsewhere or were left out of this approach. There were no comments or analysis provided to assist with this situation.

*□ These inconsistencies and the lack of support reduce the credibility of this approach to value. Based on lack of information provided, it appears that the cost estimates are not market oriented or supported, that the physical depreciation has not been correctly calculated, and this approach to value has not correctly employed recognized methods and techniques. **[SR 1-1 (a),(b) &(c); SR 1-4(b)(ii); SR 1-4(b)(iii); SR 2-2(a)(viii)]***

Reconciliation

□ The reconciliation in the report does not reconcile quality and quantity of data used in the approaches to value.

□ This statement does not provide sufficient reporting and analysis to support opinions and conclusions provided. The applicability and suitability of the approaches used to arrive at the value conclusions have not been adequately reconciled.

□ The appraisal results have not been conveyed in an appropriate manner, reducing the credibility of the final value opinion.

*□ This lack of analysis and insufficient information reduces the ability of any clients, and or intended users, the ability to rely on, or understand the report. **[SR 1-6 (a)(b); SR 2-2 (a)(viii)]***

Respondent 1 states the following in response to the Reviewer's conclusions:

□ The property at issue is a property without that many comparables. The property is a lake view property and not a lake front property. The Complainant's wanted comparables used that were lake front properties, which are inherently more valuable and would not be comparable to simple lake view properties.

□ Adequate reasoning was provided regarding adjustments and analysis. Respondent 1 stated that it was clear from the extensive file materials that due diligence was performed in acquiring and processing the available information.

□ Respondent 1 states the sales comparison approach was conducted within the standards of USPAP.

□ Respondent 1 stated that she went thru each house in the subdivision to pull information for site value information. Again, this house is lake view property, which is completely different than lake front property.

□ The cost approach is supported by documentation and analysis as evidenced by the tremendous amount of documentation and research that has already been provided in the property file.

□ Finally, the reconciliation does provide sufficient reporting and analysis to support the conclusions provided and was completed according to USPAP standards.

Reasoning and Recommendation: Counsel recommends the following:

□ Respondent 1 – Counsel recommends the authorization of a **Letter of Warning** in regards to the above-referenced USPAP violations.

□ Respondent 2 - Counsel recommends the matter be **dismissed**.

DECISION: The Commission voted to postpone making a decision against Respondent 1 or 2, until further information, as requested by the Commission, is received and reviewed.

New Information: Counsel reached out to the Respondent 2 (AMC) and spoke directly to the General Counsel and requested a copy of the scope of work, but Respondent 2 never provided Counsel with a copy, but rather reiterated their previous response (above). Counsel was additionally told by Respondent 2's general counsel that the appraiser followed the appropriate guidelines under USPAP, but again did not address the scope of work question.

New Reasoning and Recommendation:

□ Respondent 1 – Counsel recommends the authorization of a **Letter of Warning** in regards to the above-referenced USPAP violations.

□ Respondent 2 - Counsel recommends the matter be **dismissed**.

DECISION: The Commission voted to postpone making a decision against Respondent 1 or 2, until further information, as requested by the Commission, is received and reviewed.

2. 2016062711

Licensing History: Certified Residential Appraiser 2/12/01 – 9/30/2018

Disciplinary History: None

On September 23, 2016, a home inspection was conducted in which the inspector noted numerous deficiencies:

□ No Handrails on steps to porch

□ Mixed (old and new) electrical in one panel

□ Plumbing

□ Standing water in crawl space

□ Moisture damage in basement laundry room

□ Deteriorated, coming-apart soffits

On September 27, 2016, the Respondent conducted an "as-is" appraisal of the same property and did not note a single deficiency. After the lender was contacted, the Respondent amended the appraisal to reflect the issues with the mixed electrical panel. Complainant contends the appraisal was incomplete.

Respondent states the following:

□ Respondent believes the complainant misunderstands the difference between a home inspection and an appraisal.

□ Respondent claims that he was never presented a copy of the home inspection and was never aware an inspection had been completed.

□ Electrical – The only issue of concern.

□ Handrails – Respondent states that the hand railing was not a problem for him as the porch steps were not over the height that would pose a safety issue and would not require railing.

□ Plumbing – Respondent states the plumbing was operational and in average condition for a home of that age.

□ Crawl Space – Respondent states he saw no standing water in the crawl space and the pictures taken support that.

□ Laundry Room – Respondent states the laundry room was an unfinished basement and did not have any notable damage.

□ Soffits – Respondent states there was no visible damage to the soffits and the pictures taken support that.

□ Respondent says the borrower is simply looking for the seller to have to repair all of the items noted by the home inspection and the borrower is upset that the appraisal report did not mirror the home inspection.

REVIEWER CONCLUSIONS:

Sales Comparison Approach

□ *A sales comparison approach was conducted utilizing five closed sales and one listing. The sale prices of the data range from \$90,000 to \$155,740 (listing).*

□ *In general, the indicated values seem to represent a very wide range which brings to question the appropriateness of the analysis and adjustments utilized.*

Cost Approach

□ *A cost approach was conducted utilizing a site value of \$15,000. Support for the site value conclusion is limited to a statement indicating that site value was placed on an overview of land sales and in direct correlation with tax assessor's records. The appraisal work file did not include a land sale analysis.*

□ *Reproduction cost is estimated at \$177,972 and depreciation is deducted at \$54,762 to yield a contribution of the improvement at \$123,210. The improvement contribution was added an allowance for site value and site improvements to indicate a value conclusion by the cost approach of \$141,210.*

□ *Use of a cost approach for this property is questionable as the home is fifty-nine (59) years old.*

□ *The development of the replacement cost applies a main level rate of \$71 for the base cost prior to additional features. The cost data supplied in the work file for a frame residence with masonry veneer indicates a base cost of approximately \$90 per sq. ft. prior to sq. ft. adjustments for additional features.*

□ *A secondary cost source identified as "Cost to Build LLC" is included in the work file and shows the total replacement cost at \$153,930 but the application as to what improvements are included are not set out within the information provided in the work file. Whether this cost estimate includes the basement area, garage, etc. is not set out.*

□ *The residence is fifty-nine (59) years old while the appraisal states that the effective age is twenty (20) years. The remaining economic life was estimated at forty-five (45) years from which the derived depreciation of approximately 31% was calculated.*

□ *Use of a cost approach for a fifty-nine (59) year old home where there are adequate and numerous sale transactions in the area is questionable. The cost approach did not include an analysis of area lands sales which is typically a requirement of credible appraisal practice.*

Reviewer noted the following Standard Rules and Non-Compliance:

□ **Rule 1-6 (a).** *This rule requires the reconciliation of the quality and quantity of data available and analyze within the approaches used and (b) reconcile the applicability and relevance of the approaches methods and techniques used to arrive at the value conclusion. The appraisal demonstrates four closed transactions with a wide adjusted value range. Significant credible reconciliation within the sales comparison approach as to why the value conclusion is \$118,000 as opposed to any of the other indications or range within those indications is weak and limited.*

□ **Rule 1-4.** *Requires that in developing a real property appraisal an appraiser must collect, verify, and analyze all information necessary for credible assignment results.*

o *(i) Requires that the opinion of site value be developed from appropriate method or technique. The appraisal indicates that the site value was based on an overview of site sales and tax data. The appraisal report does not set out any summary of lot sales or analysis utilized to develop site value.*

o *Depreciation is based on an estimated effective age of twenty (20) years and a remaining life of forty-five (45) and is mathematical in derivation.*

o *(b)(iii) Alludes to the requirement that depreciation be based on comparable data to estimate the difference between in cost new and the present worth of the improvements.*

□ **Rule 1-5(b).** *This standard rule requires the analysis of all sales of the subject property that occurred within three (3) years prior to the effective date of the appraisal. This appraisal reports April 1, 2015 the prior sale of \$62,000, but fails to analyze that sale as to the value difference between value concluded and this prior sale.*

Respondent did not respond to the reviewer's conclusions

Reasoning and Recommendation: Counsel recommends a **Letter of Warning** with regards to the above-referenced USPAP violations.

DECISION: The Commission voted to dismiss the matter.

3. 2016067971

Licensing History: Certified General Appraiser 8/11/92 – 5/31/2018

Disciplinary History: None

In July 2016, the Respondent conducted an appraisal at the Complainant's property. The Complainant cites the following problems:

□ *Wrong price on one of comparable homes. Said it sold for \$44,000 when it sold for \$79,700.*

□ *Other two comparable homes were not located in the same neighborhood.*

□ *Complainant says he paid for an appraisal that was inaccurate.*

Respondent states the following:

□ *The distance between comparable sales is allowed by underwriting.*

□ *The Complainant's property was superior to the comparable sales.*

□ *The Complainant's property was C-2, commercial zoning is legal non-conforming.*

- The comparable sales were R-1, single family residential zonings and they were adjusted upward to allow for the zoning of the subject property.
- Net and gross adjustments were higher than typical underwriting requirements.
- One of the properties mentioned by the Complainant was, in fact, a “property flip.” Respondent stated it was not used as a comparable property because of that indicator. It was not considered in the appraisal as he feared it could possibly indicate an outlier, which is a sale over and above the actual market.
- There are three competing values: \$44,600 (tax assessor), \$55,000 (Respondent), \$77,500 (other appraiser)

REVIEWER CONCLUSIONS:

Highest & Best Use

- The property is unusual because it is zoned for C-2 (convenience commercial), which allows residential use but is typically set out for retail and similar uses. The appraisal states the zoning and current use, but goes no further in determining the highest and best use of the land as vacant and improved.
- No analysis of commercial site sales was presented, analyzed or discussed to determine land value under the current use potential offered. Reviewer states this would be necessary to determine if the property as a residential use offered value in excess of land value.

Sales Comparison Approach

- *A sales comparison approach was conducted utilizing three closed sales. The prices of the data range from \$32,900 to \$44,000. The adjustments to the sales indicated value estimates ranging from \$53,000 to \$60,200.*
- *Reviewer stated that it appears there were transactions that were more proximate to the subject property and more recent relative to the appraisal date than the sales utilized in the appraisal.*
 - *The sales utilized reflect sale dates between August and October of 2015 and prices from \$32,900 to \$44,000.*
 - *The four transactions that follow were provided as part of the complaint and listed as being used by another appraiser. These sales appear to be generally more proximate in location and sale dates range from October 2015 to July 2016. The sale prices of the sales not utilized in this appraisal ranged from \$79,700 to \$112,000.*
 - *The first sale utilized by the appraiser had a sale date of August 2015 at a price of \$44,000. It is noted that this property resold in February 2016 at \$79,700. This indicates likely improvements after the original sale. The appraiser appears to have recognized this more recent transaction but did not use it as a comparable. Sales two and three utilized by the appraiser sold from \$32,900 to \$35,000 in August and October of 2015. These properties appear to be outside of the immediate neighborhood of the subject property.*
 - *Of the sales not utilized in the appraisal being reviewed one sold in June 2016 prior to the appraisal date at \$81,000. It is interesting to note that the property had previously sold May 2016 at \$60,000 which was more recent than the sales utilized in the appraisal.*

Cost Approach

- *A cost approach was not processed, which is reasonable given the home's age.*

Standard Rules and Non-Compliance

- **Scope of Work Rule** – *Reviewer stated that in this case the property is zoned for commercial use and the land would therefore have the ability to be developed with a commercial use and that it seems reasonable that some recognition and discussion should have been conducted to estimate the site's value under a commercial use. Reviewer stated that Respondent makes a positive zoning adjustment in the sales comparison approach of \$5,000 but there is no linkage or discussion as to the nature of the adjustment or the quantified basis for that adjustment. It would have been credible for the appraiser to estimate the land value along with an allowance*

for the demolition of the structure under a commercial use to test the reasonableness of the overall appraisal conclusion.

□ **Rule 1-1 (A).** This standard requires that the appraiser understand and correctly employ the recognized method and techniques necessary to produce a credible appraisal. The absence of a scope of work that would include an estimate of the property's highest and best use measurement of land value under a commercial use relative to the overall value conclusion would be appropriate.

□ **Rule 1-2 (H).** This requires that the appraiser determine the scope of work necessary to produce credible assignment results in accordance with the scope of work rule.

□ **Rule 1-3 (A)(a).** Requires the appraiser identify and analyze the effect on use and value the existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate and market area trends. This goes to scope of work, zoning and highest and best use.

□ **Rules 1-3 (B).** Requires the appraiser develop an opinion of the highest and best use of the real estate. In this case, the Respondent treats the property as a residential property and has a zoning adjustment. There is no analysis such as determination of land value recognizing current zoning etc. to support the appraiser's conclusion.

□ **Rule 1-4.** Requires that in the development of an appraisal, the appraiser must collect, verify and analyze all information necessary for credible assignment results. It appears that the appraiser did not consider all of the sales data available at the time of the appraisal.

□ **Rule 2-1 (A).** Requires that the report clearly and accurately set forth the appraisal in a manner that will not be misleading. In this case, the nonuse of more proximate and more recent comparables that were available at the time of appraisal although likely not intentional has led to a report that can be construed as possibly misleading to the user. Noting that the sales utilized were for the most part further from the subject property and sold at a relatively low value range in comparison to the sales that were not used but that were more recent and more proximate to the subject property leaves the potential that the conclusion is not credible.

Reviewer concluded that based on the items set forth in this review the appraisal lacks sufficient credibility.

Reasoning and Recommendation: Counsel recommends the authorization of a **Letter of Warning** in regards to the above-referenced USPAP violations and **fifteen (15) hours of coursework**, courses to be decided by the Commission, such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing.

DECISION: The Commission voted to accept Counsel's recommendation with coursework to be completed in highest and best use.

4. 2016070441

Licensing History: Certified General Appraiser 10/15/13 – 10/31/17

Disciplinary History: None

In August 2016, the Respondent conducted an appraisal at the Complainant's property. The Complainant cites the following problems:

□ Appraisal Report states effective age 10 years (home is new build).

□ After last revision to report, Respondent changed cost approach and applied a 15-year deduction for physical depreciation.

□ Revision still has conflicting commentary in regards to data in sales comparison approach.

□ Value based on best estimate of experience and knowledge of 34 years.

□ Issues noted with professionalism (late with or lost track of a couple of orders).

Respondent states the following:

□ The property had some functional obsolescence in that it had a number of items that were not typical in the market (like a hidden safe room).

□ The “effective age” shown as “ten years” was a typographical error.

□ The cost approach was not relied upon in the value estimate per the client’s direction.

□ Admitted he was late with the report, but had an associate appraiser quit without notice with several jobs already scheduled.

□ The client requested the Respondent include paired sales from another market for the property; however, the Respondent refused to do so.

□ The Respondent performed a regression analysis using a software package that showed little correlation for adjustments in the rural area.

□ The Respondent was forced to infer adjustment based on the market evidence and the Respondent’s experience.

□ The Complainant refused to pay the Respondent in the end.

REVIEWER CONCLUSIONS:

Sales Comparison Approach

□ Respondent includes a total of 6 comparable properties (sales and listings), all selected from within the defined market area. Respondent makes several adjustments in the sales comparison approach.

□ There is an adjustment of site size to comparables 2, 3, 4, 5, and 6. This adjustment appears to be based on \$2,000 per acre in variance, but there is no support for this adjustment. Respondent concluded a land value of \$3,500 per acre for the subject in the cost approach, but this unit value is not referenced in any way as support for the \$2,000 per acre adjustment. In short, while some accounting of the variations in overall land size is indeed logical, there is simply no support for the applied adjustment.

□ There is an adjustment for age applied to each of the comparables, adjusting each of the comparables upward to bring them into parity with the subject, which is identified as new (the age of the subject is noted at 0 years.) This adjustment ranges from roughly \$1,300 to roughly \$1,900 per year of variance. There is no discussion of physical depreciation, nor is there a development of any market based adjustment for this adjustment. Furthermore, this analysis is in

direct conflict with the cost approach, which cites a 15% physical depreciation.

□ There are a series of adjustments applied to each of the comparables for variance between the comparables and the subject in basement square footage and finish. These adjustments are undecipherable. (Example: Comparables 2 and 3 are all adjusted downward for “1rr0br1.0ba0o” at a flat \$4,500. Comparables 4 and 6 are adjusted downward for “1rr1br1.0ba1o” and “1rr1br1.0ba1o” respectively at a rate of \$8,500 and \$6,500 respectively. These adjustments are in addition to the square footage differences which range from -\$200 to +\$14,500. The highest adjustment for this factor is comparable 5, which has no basement. This adjustment implies that there is an adjustment of roughly \$10.00 per square foot for basement area. None of these adjustments are discussed in the report, nor are they supported in any way in the report.

□ Comparables 1 and 3 are adjusted -\$2,500 and +\$5,000 for variance between each and the subject in garage/carport. There is no discussion in the report of these adjustments, nor are they supported in any way in the report.

□ There is what appears to be a \$2,500 per fireplace adjustment applied to all of the comparables. These adjustments are not discussed in the report, nor are they supported in any way in the report.

□ Comparable 4 has an adjustment of \$5,000 for a barn. This adjustment is not discussed in the report, nor is there any support for this adjustment in the report.

□ *Comparable 5 is adjusted downward \$25,000 for something identified as "800" this adjustment is not discussed in the report, nor is there any support for this adjustment in the report. There is no way to tell what this adjustment is.*

□ *Reviewer states that in total, this section of the report is insufficiently supported to derive any meaningful conclusion of value. This section is in violation of the following USPAP Standard Rules: **SR 1-1 (a)(b) and (c) and SR 1-4 (a) and (b) (i).***

Cost Approach

□ *The reconciliation section cites an, "Indicated Value by: Sales Comparison Approach \$385,000 Cost Approach (if developed) \$354,000." In the comments section the Respondent says, "The value indicated varies from \$385,000 in the sales comparison approach to \$412,800 in the cost approach. This appears to be a mistake.*

□ *The cost approach section includes an estimate of land value, with support for the estimate of land value in the form of three land sales, cited in the comments section at the top of the page.*

□ *Respondent further states that the effective date of cost data is June 2016. Respondent cites another Valuation Services as his source for cost data. However, Respondent includes no cost data in the report. Furthermore, without a work file, there is no way to determine what cost calculations the respondent made to arrive at his cost per square foot number.*

□ *The Respondent estimates a remaining economic life of 55 years for the subject property, but there is no support for this conclusion provided in the report. The respondent says in the comments section that, "Subject is new construction, and suffers no physical depreciation." Yet, in the cost calculation, the Respondent applies a 15% physical depreciation, which equates to a depreciation of \$50,681. The text and the calculations are in direct conflict with each other. There is no discussion in this report of the age life method of depreciation. There is no discussion in this report of estimated total life. It can be deduced that the estimated total life, based on a 15% physical depreciation, would be roughly 65 years (65 years less 15% depreciation (about 10 years) leaves 55 years remaining. This does not seem unreasonable, but again there is no discussion of these issues in the report. Had the respondent supplied his work file, as requested, there very well may have been support for this issue. But as it stands, there is absolutely no support for the \$50,681 deduction for physical depreciation.*

□ *Reviewer states that Respondent did not supply any support for his method or technique in this cost approach. This section is in violation of **SR 1-1(a), (b) and (c) and SR 1-4(b)(i),(ii) and (iii).***

Standard Rules and Non-Compliance

□ *Reviewer stated that the following standard rules are violated in the appraisal report under review:*

SR 1-1 (a) (b) and (c)

SR 1-2 (e) (i)

SR 1-2 (h)

SR 1-3 (b)

SR 1-4 (a)

SR 1-4 (b) (i) (ii) (iii)

SR 2-1(a) – Reviewer believes this report was set forth in a manner that is misleading

SR 2-1(b) – The report does not contain sufficient information to enable the intended users of the report to understand it properly

SR 2-2 (a) (viii)

Reviewer states the scope of work for this review is limited to a review of the work provided and the appraisal report has some significant errors and omissions and is in violation of several sections of USPAP.

Reasoning and Recommendation: Counsel recommends the authorization of a civil penalty in the amount of **Five Hundred Dollars (\$500)** to be satisfied within thirty (30) days of execution of the Consent Order and **fifteen (15) hours of coursework**, courses to be decided by the Commission, such courses

must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing.

DECISION: The Commission authorized a fifteen (15) hour Sales Comparison Approach course and fifteen (15) hour Report Writing course; these courses must be completed within one hundred eighty (180) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.

5. 2016074761

Licensing History: Certified General Appraiser 12/2/93 – 12/2/17

Disciplinary History: 2011 Letter of Warning- Misleading appraisal report

2016060401 Pending Consent Order

2016060621 Pending Consent Order

2016063901 Pending Consent Order

In November 2016, the Respondent contacted the Complainant in order to inform the Complainant that the Respondent would be conducting the home appraisal as part of the Complainant's home loan. The Complainant cites the following problems:

- Respondent performed part of the appraisal, but never completed it.
- Respondent promised to finish the appraisal, but did not.
- The Respondent stopped returning calls from the Complainant.
- At least at the time of the complaint, the Complainant was in danger of losing the preferred interest rate on the loan.

Respondent has not responded to the complaint.

Reasoning and Recommendation: Counsel recommends the authorization of a civil penalty in the amount of **One Thousand Dollars (\$1000)** to be satisfied within thirty (30) days of execution of the Consent Order and **fifteen (15) hours of coursework**, courses to be decided by the Commission, such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing.

DECISION: The Commission authorized a civil penalty in the amount of One Thousand Dollars (\$1,000) to be satisfied within thirty (30) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.

6. 2016076061

Licensing History: Certified General Appraiser 8/16/05 – 8/31/17

Disciplinary History: None

On December 28, 2016, the Appraisers Commission received an anonymous complaint regarding the Respondent. Complainant stated the following:

- Respondent had recently pleaded guilty to one count of making a false statement to a VA investigator regarding the frequency of taking his medications, offense is a felony.

Counsel made the following findings regarding the underlying offense:

- Complaint was likely filed by the Respondent's former spouse.
- Respondent was diagnosed with narcolepsy while serving in the U.S. military.
- Respondent made a claim for disability through the Veterans' Administration (VA) following discharge in 1997.
- Respondent was deemed 100% disabled.
- Respondent worked as an appraiser in the meantime (unclear as to whether it was fulltime or not).
- Respondent, as part of the plea agreement, pleaded guilty to one count of mispresenting to a VA investigator that he had taken his prescribed medication the morning of the questioning.
- The VA terminated the Respondent's VA disability in May 2015.
- The Respondent was sentenced to 30-months' probation and ordered to pay restitution.
- Respondent has not conducted any home appraisals since the entry of the guilty plea.
- Respondent was terminated by his employer.

The Commission has the right to revoke or suspend the license or impose a civil penalty of any real estate appraiser who is convicted of a crime that is substantially related to the qualifications, functions and duties of a person developing appraisals and communicating appraisals to others or conviction of any felony. The Commission also has the same right if a licensee commits any act or omission involving dishonesty, fraud or misrepresentation (T.C.A. 62-39-326(3) and (4)). Before suspending or revoking a license, the licensee will appear before the Commission at a formal hearing.

Reasoning and Recommendation: Counsel recommends the authorization of a **Letter of Warning** in regards to the above-referenced TCA violations and **thirty (30) hours of coursework**, courses to be decided by the Commission, such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing. **Counsel noted that the Respondent's actions were not in the course of a home appraisal.**

DECISION: The Commission voted to dismiss the matter.

7. 2017003821

Licensing History: Certified residential Appraiser 8/21/06 – 2/28/18

Disciplinary History: None

In December 2016, the Respondent conducted an appraisal at the subject property. **A revised appraisal was done shortly following the initial one.** The Complainant cites the following problems:

- False or inaccurate end work products not too a sufficient level of quality or professional standard.
- Did not take into account descent comparables for below grade square footage very close to subject property.

Respondent states the following:

- There are no false statements or data in the report. Some statements made in the addendum to explain the work product may be the opinion of the appraiser. These opinions, however, are grounded using the research done for analysis in the neighborhood.
- The comparable pointed out by the Complainant could have been used for the report. The Comparable is superior to the subject and inferior in others. These differences offset each other. To test if using this sale would have had a significant impact on the final opinion of value, it was placed in a sales comparison grid and adjusted using the same basis as the comparables used for the report. Using this sale would not have increased the final opinion of value and, in fact, would have supported it.

□ In response to the Complainant's claim of "no adjustment for rooms" the Respondent states that the reasoning for not adjusting for room count is that bedroom and bath count adjustments should generally be made only when the subject's gross living area and that of a comparable are similar yet the number of beds/baths differ. The difference in the number of bedrooms/baths is otherwise accounted for in gross living area adjustments. Because of the unorthodox manner in which this valuation is approached, both above and below grade room count of the subject is taken into account and no bedroom or bath count adjustments are believed warranted.

□ In response to the Complainant's claim of "no adjustment for size lot" the Respondent states that the parcel size is about halfway between the smaller and largest parcel of the comparables. Even if a lot size adjustment could be justified, the adjustments would offset each other.

REVIEWER CONCLUSIONS:

Sales Comparison Approach

□ A sales comparison approach was conducted using five transactions for properties which sold from \$375,000 to \$448,363. That included one listing which was offered at \$399,900.

□ The home is a split foyer which is atypical for the neighborhood. The home's age and design are atypical. The sales utilized were local and proximate and were relatively recent to the date of appraisal.

□ Percentage adjustments appear to be large primarily due to the style of the home including lower level partially subgrade in comparison to most of the homes which were two level above grade. The large adjustments resulting from the allocation of the square footage create a significant percentage difference adjustment however when combined to allow one another to offset the adjustments for size or feature difference would be minimal. For example, sale number one above grade area of 2,500 square feet compared to the subject's above grade area of 1,130 feet required a large size adjustment. However the subject's lower level area against the lack of such area for the sale indicated a positive adjustment.

□ Combining both adjustments the essential adjustment impact was essentially in the range of less than 10% of the comparable sale price. The direction and rate of adjustment appear to be palatable. The concluded value in the original appraisal was \$378,000 which based on the subject's gross living area is approximately \$169/sq. ft. The five transactions ranged in unit price from \$159.36/sq. ft. to \$196.95/sq.

Cost Approach

□ A cost approach was not conducted which is a reasonable process given the home's age and lack of site sales within the general area.

Summary of Appraisal #1

□ The owner of the property was incorrectly identified as the borrower.

□ The sales history is misreported. The subject's is shown to have a prior sale that occurred 4/17/14 at \$317,300. The actual prior sale was in April 2014 but the reported sale price was \$345,000 rather than \$317,300.

□ The sales history for comparable number 4 is misidentified as having sold 4/6/16 at \$236,739. The actual prior sale for comparable number 4 was \$403,700 which is the sale amount utilized in the sales grid.

□ Sale information incorrectly listed for number 4 is applicable to sale number 5 which is not

reported in the original appraisal.

□ A second report was submitted utilizing the same valuation date but a report date of 12/27/16.

This revised report does not correct the neighborhood boundary error.

□ The revised report does set out elimination of a sale history for comparable number 4 and

corrected the sale history for sale number 5.

□ The most significant item as to the second appraisal is the removal of a location adjustment of

two comparables. This adjustment removal changed the indicated value range in the revised value was noted at \$392,000 as the opposed to the original value conclusion of \$378,000.

Standard Rules and Non-Compliance

□ Standards Rule 1-1(b). Requires that the appraiser not commit a substantial error of omission or commission that significantly affects an appraisal.

□ In the original appraisal there were significant location adjustments which were removed in the second appraisal. This of course changed the value conclusion. If the locational adjustments were warranted but were not included in the second appraisal that would be a substantial error and vice versa if when included in the first appraisal but eliminated in the second appraisal indicates one or the other occasions indicated a substantial error in the analysis.

□ Standards Rule 1-1(c). Requires that the appraisal not be rendered in a careless or negligent manner such as by making a series of errors that although individually might not significantly affect the results of the appraisal but in the aggregate affects the credibility of those results.

□ In this case there were several errors in the original report as to spelling of the neighborhood boundary, incorrect listing of the owner, historical sales data errors which individually might not impact the conclusion but in their entirety appear to affect the diligence and credibility of the appraisal. Specifically the error set out in the original appraisal as to the prior sale price as \$317,300 as opposed to the correct prior sales price of \$345,000 could conceivable enter into the analyst's thought process and value conclusion. **Most items of error were edited in the second appraisal.**

Reasoning and Recommendation: Counsel recommends a **Letter of Warning** with regards to the above-referenced USPAP violations.

DECISION: The Commission voted to accept the recommendation of legal counsel.

Robyn Ryan

8. 2016061801

Licensing History: Certified Residential Appraiser 8/21/01 – 8/31/17

Disciplinary History: 20150211511 Closed with Letter of Warning

Complainant purchased a new construction home with a VA loan. Appraisal was ordered on 8/4 and respondent went to home site 8/18 without notifying realtor selling home. Complainant states VA guideline provides report should be uploaded within 7 business days. Complainant states that on 9/1 respondent requested more information. Complainant states respondent contacted VA to state report would be completed on that day but report had not been turned in as of 9/12. Complainant states that the order for appraisal was outstanding 39 days as date of complaint and that respondent stated the report had been completed 25 days ago. Complainant states the lack of report caused delay in closing of two homes.

Respondent states that respondent was assigned appraisal on 8/4 and that standard due date is 7 days or 8/15. Respondent states this was new construction and no public record information was available when assigned. Respondent made contact with builder on 8/8 and after builder returned call 8/18, respondent was able to secure appointment. Construction at that time was near to the approximate 90% completion process and suggests that the appraisal was ordered earlier than necessary due to the construction process. Respondent states that respondent had difficulty getting all information needed

from various sources including agent and that Respondent notified VA regarding attempts to gather information. Respondent states the report was submitted 9/12 and states that the 7 day time frame was not feasible due to the state of construction and difficulty securing information from sources.

Reasoning and Recommendation: Except for statement, nothing was provided by Complainant to support delays in closing due to appraisal issue. Construction was apparently not complete or close to complete when appraisal ordered and Respondent apparently did attempt to do all that was possible to complete the appraisal. Recommendation is to dismiss.

DECISION: The Commission voted to accept the recommendation of legal counsel.

9. 2016063981

Licensing History: Certified Residential Appraiser 3/31/10 - 9/30/18

Disciplinary History: None

Complainant bank representative states that Respondent signed appraisal but did not disclose or describe the assistance of Respondent below in that report. Second Complainant, also from same bank, filed separate complaint stating the property was inspected by Respondent below and the report was signed by Respondent.

Respondent states Respondent forgot to disclose that Respondent below assisted with appraisal and Respondent states Respondent completed all aspects of the report except the site inspection and document printing.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

Note: Reviewer reviewed Respondent appraisal report.

***Neighborhood**

The neighborhood section is adequately described

*** Site Data**

The site information states area of 10.046 sq. ft. Which is taken from the courthouse retrieval website. The lots legal description calculates to 9366.75 sq. ft. The difference is not significant.

*** Building Description**

The improvement description sets out the home's age, square footage and general nature of construction. Contrary statements as to condition. Condition is coded C3. "No updates in prior 16 years." The property has been updated over the past three years with repainting of the interior, installation of new laminate flooring, etc."

***Cost Approach**

A cost approach was conducted utilizing a site value of \$15,000. Support for the site value conclusion is limited to a statement indicating that site value was based on similar lot sales. The appraisal work file did not include a land sale analysis.

Reproduction cost is estimated at \$97,285 and depreciation is deducted at \$39,130 to yield a contribution of the improvement at \$53,695. The improvement contribution was added to site value and site improvements to indicate a value conclusion by the cost approach of \$80,200.

Use of cost approach for this property is questionable as the home is sixty-six years old.

*** Sale Comparison Approach**

A sales comparison approach was conducted utilizing four closed sales and one listing. The prices of the data range from \$75,000 to \$104,000.

The adjustments to the sales indicated value estimates ranging from \$79,150 to \$87,916. Adjustments appear reasonable.

*** Standard Rules and Non-Compliance Issues**

Standards Rule 1-1

(b) Requires that appraiser not commit a substantial error of omission or commission that significantly affects an appraisal. The submitting appraiser (Respondent) failed to identify the contribution of the other appraiser (Respondent below) which is substantial and lead to a misleading report. The inspecting appraiser (Respondent below) knew that an appraisal was being completed and was complicit in the error by failing to require, at a minimum, recognition of (Respondent's) contribution.

(h) Requires (to) determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE. The appraiser misrepresented the scope of work provided. (Respondent) certified that (Respondent) inspected the property and was the sole producer of the work product which was not true. (Respondent below) participated in significant aspects related to the production of the appraisal but knowingly remained silent as to (Respondent's) involvement.

Standards Rule 1-4

Requires that in developing a real property appraisal an appraiser must collect, verify, and analyze all information necessary for credible assignment results.

(i) Requires that the opinion of site value be developed from appropriate method or technique. The appraisal indicates that the site value was based on an overview of site sale and tax data. The appraisal report does not set out any summary of lot sales or analysis utilized to develop site value.

(iii) Alludes to the requirement that depreciation be based on comparable date to estimate the difference between cost new and the present worth of the improvements. Depreciation is based on an estimated effective age of sixty years and a remaining life of thirty years and is mathematical in derivation.

Recommendations: The error, although stated as oversight by Respondent, could have had significant issues had the appraisal had more serious problems. There is no history of complaints. However, there does appear to be a violation of Standards Rule 1-1 (H) and perhaps 1-4(b)(iii). Recommendation is for a civil penalty of \$1,000.00 each for a total of \$2,000.00.

DECISION: The Commission authorized a civil penalty in the amount of One Thousand Dollars (\$1,000) to be satisfied within thirty (30) days of execution of the Consent Order and a seven (7) hour USPAP course, such course must be completed within one hundred eighty (180) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.

10. 2016070621

Licensing History: Licensed Real Estate Appraiser 1/8/92 – 9/30/17

Disciplinary History: None

Complainants are the same as above. Respondent states Respondent performed the field inspection of the property and provided comparable sales, listing and market research to Respondent above. Respondent states the report and valuation conclusion was prepared by Respondent above.

Recommendations: There is no history of complaints. However, there does appear to be a violation of Standards Rule 1-1H and Standards Rule 1-4, as the report does not set out any summary of lot sales and depreciation issue. Recommendation is for a civil penalty of \$1,000 each for a total of \$2,000.00.

DECISION: The Commission authorized a civil penalty in the amount of One Thousand Dollars (\$1,000) to be satisfied within thirty (30) days of execution of the Consent Order and a seven (7) hour USPAP course, such course must be completed within one hundred eighty (180) days of execution of the Consent Order. Such terms are to be settled by Consent Order or Formal Hearing.

11. 2016065771**Licensing History: Certified Residential Appraiser 12/28/06 – 4/30/17****Disciplinary History: None**

Anonymous complaint stating Respondent is doing reports with Respondent's signature and name but that employees are doing the inspections and the reports and Respondent is not viewing the property or writing the report. Only a statement provided nothing to support statement.

Respondent states there is no basis to the allegations. Respondent states that Respondent as well as all members of Respondent's group understand and comply with all regulations as required by USPAP. Respondent states Respondent has been in business many years and knows obligations concerning with viewing properties, reviewing reports, and signing reports provided to clients. Respondent states appraisers and licensed trainees in Respondent's office do many types of valuation services from USPAP compliance reviews, various review appraisals, conventional residential appraisals, etc., and Respondent is aware of the scope and requirements of each job.

Recommendation: Dismiss.**DECISION: The Commission voted to accept the recommendation of legal counsel.****12. 2016068631****Licensing History: Certified Residential Appraiser 2/10/99 – 10/31/17****Disciplinary History: None**

Complainant states appraisal of property by Respondent was far out of range, and challenges Respondent's professionalism. Complainant states there is no support for the value estimate of \$122,000 but more evidence to support a value of \$155,000. Complainant listed various properties for which Complainant believes are comparable.

Respondent states value determination was made using the more recent and similar market sales that could be considered comparable. Respondent states that Respondent was not able to locate some of the properties offered as "comparable" by Complainant and others were very different in either size or substance.

REVIEWER CONCLUSIONS:**Note: Reviewer reviewed Respondent appraisal report.****Cost Approach**

** Use of cost approach for this property is questionable as the home is thirty-two years old. The cost approach is not given any weight in the final conclusion and a statement is made that the cost approach was included at the client's request.*

Sale Comparison Approach

**A sales comparison approach was conducted utilizing four close sales and one listing.*

In general, the indicated values and conclusion seem appropriate relative to the analysis and adjustments utilized.

Review Conclusion

** Complainant is primarily based on value. Reviewer sees no merit as to complaint issues.*

Recommendation: Dismiss.**DECISION: The Commission voted to accept the recommendation of legal counsel.**

13. 2016070861

Licensing History: Certified Residential Appraiser 5/20/10 – 5/31/18

Disciplinary History:

2011021771 Closed with Consent Order (14 hrs corrective education)

2016043281 Closed with Consent Order (15 hrs- Residential Report Writing and Case Studies 30 hrs- Sales Comparison Approach)

Complainant states an appraisal and onsite inspection was performed by Respondent on or about 9/24/16. The completed appraisal file was received for the bank on or about 10/4/16. Complainant states Complainant had to wait another week for a revision to be made costing Complainant \$750.00 in contract extensions because of the delay.

Respondent responded to the complaint stating prior to accepting the appraisal, the Management Company was notified that the Respondent does not typically cover the subject city and that the delivery date would be extended regardless of the inspection and effective date of the appraisal due to the outside coverage area and due to the Respondent's current full workload. Respondent states the appraisal was performed on 9/24/16 and was not delivered until approximately seven business days later, which was typical for that time due to the large volume of appraisal work. On 10/21/16, the Management Company sent Respondent a revision request from Complainant asking Respondent to review the borrower's new Work Plan and attach it to the appraisal report, which was done and delivered on 10/22/16 to the Management Company. On 10/27/16, two additional requests from the Management Company's client regarding new financial assistance were sent to Respondent to review, revise, and redeliver the appraisal, which was completed and delivered to Management Company the same day. On 10/28/16, a Final Bid and Work Plan, totally separate and different from the original two Final Bids and Work Plan, were sent to Respondent for review, scan, comment and deliver within the appraisal report, which was done and delivered to Management Company on the same day. Respondent states due to the long delay between being provided the continued revisions, Respondent maintains that all additional requests were honored, reviewed, and the appraisal revised in as timely a manner as professionally possible.

Reasoning and Recommendation: Counsel recommends this matter be **dismissed**.

DECISION: The Commission voted to accept the recommendation of legal counsel.

14. 2016066401

Licensing History: Certified Residential Appraiser 12/20/91 – 12/20/17

Disciplinary History: 1999 Closed with Consent Order (30 hrs Procedures Course)

Complainant states Respondent was hired to complete home appraisal involved in home mortgage refinance.

Complainant states the following items were not completed correctly by the Respondent:

Respondent did not personally inspect the home, residential area, or comparable homes utilized in the appraisal report.

Respondent specifically excluded multiple comparable homes that were sold in the preceding 3-5 months before appraisal people and included one home that was sold outside of the prior to the standard six month leading time.

□ Respondent refused to return any communication attempts to address concerns over a three week period, resulting to this complaint.

Respondent responded stating that Respondent did not respond to Complainant because Respondent is bound by Respondent's client to not discuss "market values or the comparable sales selection" as noted in the appraisal order form throughout the appraisal process. Respondent states Respondent should have contacted the owner and advised that Respondent cannot discuss items, but did not. Respondent conducted a search of homes that have sold within the immediate market area. Complainant states that Respondent did not complete the inspection, but Respondent was present at the inspection and measured the home. Comparable two included in the appraisal and referenced by Complainant did sell out a six month window, but comparable is located .27 miles from the subject and based on interior photos in Realtracs, is similar in features such as trim, and ceilings as noted in quality rating.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

-Reviewer states Respondent describes search parameters for the sales comparables but does not specify the age and size parameters as being within about 10% of GLA and excluding newly constructed sales. The appraiser chose to exclude new home sales. This is a reasonable decision as the subject is recently constructed not new. However, this factor is not described [S.R.2-1(b)] Many of the homes sold were contracted months prior-there, the contract date within 12 months is an important selection criteria that appears to have been appropriately used in by the appraiser but not reported. Only sales contacted within the LTM month would limit the number of comparable sales found, this factor is not described. [S.R.2-1(b)]

-Reviewer states Respondent states that Respondent inspected and measured the property but does not mention assistance. By failing to disclose that someone else inspected the subject property or failing to disclose significant assistance could result in a possible violation. [S.R.21(a)] [S.R.2-3]

-Reviewer states that the Complainant states the dwelling contains 2,803 SF which is more than the appraiser measure GLA reported of 2,713 SF. The property tax record differs from both the stated size and measured size at 2,762 SF. A note by the appraiser regarding the difference could help clarify but was not described. [S.R.2-1(b)]

-Reviewer states Respondent states the subject property has no sales or transfers in the three years prior. However, the subject property sold to the current owner as new on 9/26/14. At \$345,000 the appraised value represents a 6.5% value increase which could be supported by the market and used to support the concluded value. No explanation is provided for the value difference. [S.R. 1-6(a)] [S.R. 2-2(a)(viii)]

-Reviewer states specific search parameters are not stated. [S.R.2-1(b)]

-Reviewer states a more thorough search and explanation of the reasons behind the use and or exclusion of some sales can mitigate confusion, add validity to the report and support the value opinion. [S.R. 1-4(a) and S.R. 2-2(a)(viii)]

-Reviewer states adjustments made in the Sales Comparison Approach are not adequately supported and supporting data was not found in the work file indicating the analysis was not performed. [S.R.1-4(a) and the Record Keeping Rule (lines 219-3210)]

Reviewer's Conclusions:

o After review of the report, it is the Reviewer's opinion that the revised appraisal that is the subject of this review does not comply with USPAP requirements. Reviewer's conclusion is based primarily on the lack of information, explanation and support provided in the report [SR 2-1(b) and SR1-1(c)]. The appraisal report contains minor clerical errors and omissions.

o Respondent did not disclose that he had assistance which may or may not be significant [SR21(a) and SR 2-3].

o Adjustments made in the Sales Comparison Approach are not adequately supported. This is not compliant with **SR 2-1 (b)** and **SR 2-2 (a) (iii)**. The supporting data was not found in the work file indicating the analysis was not performed. This is noncompliant with **[SR 1-4 (a)]** and the **Record Keeping Rule (lines 319-321)**.

* The appraiser rendered an objective and impartial opinion of value. However, the reasonableness of the reported opinion and conclusions are not within the scope of work of this review.

Reasoning and Recommendation: Letter of Warning.

DECISION: The Commission authorized a Letter of Warning and a seven (7) hour Supporting Your Adjustments course; such course must be completed within one hundred eighty (180) days of execution of the Consent Order.

15. 2017003521

Licensing History: Certified Residential Appraiser 12/12/91 - 12/31/17

Disciplinary History: None

This complaint was filed by a consumer and alleged that the Respondent undervalued his property. Complainant alleged that Respondent conducted an appraisal review on the property in 2012 and the appraised value was \$260,000. Complainant states the subject property was appraised in 2009 for \$285,000, in 2011 for \$290,000, and in 2014 for \$300,000. Complainant states Complainant knew the appraisal seem low, and looking back alleges Respondent missed the mark by 12% costing Complainant \$2,000 a year in extra PMI costs.

Respondent states there are no supportive sales information or written evidence provided to support the alleged value dispute. Respondent states public records show the Trust Deed filed on subject property in May of 2011 was in the amount of \$246,500 and the Trust Deed filed in December of 2012 just after Respondent's appraisal was in the amount of \$245,100, both were the same lender.

REVIEWER CONCLUSIONS

It is noted in the Sales Comparison Approach that two sales (#2 and #5) reported different sales concession figures, \$5,000 and \$15,000, when the actual amounts were \$6,000 (sale #2) and \$4,500 (sale # 5). No adjustments or mathematical calculations were made, having no influence on the final value indication. These inconsistencies appear to be typographical and do not have an adverse effect on the opinions and conclusions presented.

The discrepancies noted appear to be an indication that more emphasis should be placed on proofreading. USPAP notes that perfection is impossible to obtain, and based on the analysis the appraiser has presented (and conveyed) the results in an appropriate manner, indicating the appraiser does understand the appraisal process.

Reasoning and Recommendation: Counsel recommends this matter be **dismissed**.

DECISION: The Commission voted to accept the recommendation of legal counsel.

There being no other business, Ms. Mathews adjourned the meeting at 10:15 am.